

FLA Audit Profile		Independent External Verification
Country	China	China
Name of Factory	470015720F	470015720FV
Independent External Monitoring	Global Standards	SGS-CSTC Standards Technical Services Co., Ltd
Date(s) in Facility	November 12, 2007	November 16 - 17, 2009
FLA Affiliated Compan(ies)	AT Cross Co.	AT Cross Co.
Number of Workers	335	364
Product(s)	Pen, Ball Pen, Pencil	
Production Processes	Assembly (refill, MECH), Grinding, Polishing, Tumbling, Facing, Coating (powder, lacquer), Cueing, Molding, Engraving, Metal Stamping, Packaging, Sand Blasting, Cleaning (degrease, ultra-sonic)	

FLA Code/Benchmark	Compliance Status	Noncompliance or Uncorroborated Evidence of Noncompliance	Sources/Documentation	Local and/or Country Laws	Notable Features
<b>1. Code Awareness</b>					
<b>2. Forced Labor</b>					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.					
Other	Risk of noncompliance	No procedure for monitoring forced labor in factory.	record review		
<b>3. Child Labor</b>					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in country of manufacture where such age is higher than 15.					
CL.3 Proof of Age Documentation	Risk of noncompliance	No age verification procedures.	record review		
CL.4 Other Means of Age Verification	Risk of noncompliance	No other methods to prove workers' ages when age documents are not readily available or unreliable.	record review		
CL.6 Employment of Young Workers	Noncompliance	No physical examination specified for juvenile workers provided by factory. Juvenile workers pay for physical examinations before employment.	record review; worker and management interviews	Protection regulation for Juvenile Workers, Article 6, Employers should provide physical examinations for juvenile workers as per below requirements: before pre-employment; after being in service for a year; when they reach 18 years old; and if it has been half a year since last physical exam. Article 10, Employers should process and bear all fees for physical exams and registration for juvenile workers.	
CL.8 Young Worker Identification System	Risk of noncompliance	No system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.	record review		
Other	Risk of noncompliance	No procedure for child labor.	record review		
<b>4. Harassment or Abuse</b>					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.					
H&A.3 Discipline/Review of Disciplinary Action	Risk of noncompliance	Disciplinary system does not include possibilities for workers to have a disciplinary action imposed on them reviewed by someone at a higher managerial position than manager who imposed disciplinary action; it also does not include ability of a worker to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when disciplinary action is being imposed.	record review		

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H&A.6 Discipline/Worker Awareness and Participation of Workers	Noncompliance	Disciplinary records are not maintained in workers' personnel files.	record review, management interviews		
Other	Risk of noncompliance	No harassment and abuse procedure.	record review		
<b>5. Non-Discrimination</b>					
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.					
Other	Risk of noncompliance	No non-discrimination procedure.	record review		
<b>6. Health and Safety</b>					
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.					
H&S.1 General Compliance Health and Safety	Noncompliance	Chemical warehouse store, with about 4 tons of ink and other flammable chemicals, is located on factory roof near air compressor room.	visual inspection	Article 4.3.4 of Fire Prevention Standard for Building Design: Distance is at least 15 meters between chemical warehouse and other buildings.	
H&S.3 Written Health and Safety Policy	Risk of noncompliance	No written H&S policy.	record review, management interviews		
H&S.5 Health and Safety Management System	Risk of noncompliance	Factory has no H&S management system which includes 1) establishing system of responsibility relating to production safety, 2) procedure reporting and right handling of incidents or accidents (including near-miss incidents), 3) procedure that ensures system is regularly tested, reviewed, and continuously developed.	record review, management interviews		
H&S.8 Permits and Certificates	Noncompliance	A) Some special appliances, such as 1 forklift in 1/F warehouse, 1 electro motion block in cleaning room of 5/F and 3 gas tanks of 2 cubic in air compressor room on 6/F are not registered in local monitoring department for special appliance quality safety. And pressure gauges and safety valves for gas tanks are not regularly tested and sealed. B) Electro motion forklift drivers not trained and do not have acquired related qualifications. C) Factory sells dangerous waste, such as empty containers and packing materials of dangerous chemicals to a unit without a business license to dispose of dangerous waste. D) Factory did not reacquire local fire permit after they newly built some rooms, such as generators' room and warehouse for dangerous chemicals on the roof in 2006.	visual inspection, record review, worker and management interviews	Article 25 of Special Appliance Quality Safety Monitoring Regulation: Before or within 30 days after special appliance is operated, using unit shall register with special appliance quality safety monitoring department of cities directly under the jurisdiction of State Council or cities with districts. Registration symbols shall be placed at eye-catching place or well-marked place of appliance. Article 55 of Labor Law of PRC: Worker engaged in special occupation must receive special training and acquire relevant qualifications. Article 57 of Law of PRC on Prevention and Control of Environmental Pollution by Solid Wastes: It is prohibited to provide dangerous waste to units without business licenses or to entrust them to collect, store, utilize and dispose the dangerous waste.	
H&S.9 Evacuation Requirements and Procedure	Noncompliance	No emergency response plan for the evacuation of workers is posted in the factory; evacuation drills are not undertaken in the last 18 months.	visual inspection, record review, worker and management interviews		
H&S.10 Safety Equipment and First Aid Training	Noncompliance	No workers on site received fire fighting training or had fire fighting skills. There are not enough first aid supplies in first aid kits on 1/F and 3/F. For example, the one on 1/F stores bandages and sterile gauze only, there is a lack of disinfecting/antiseptic agent, antibacterial ointment, sterile/surgical gloves, tourniquet and some medicine for treating burns.	visual inspection, record review, worker and management interviews		

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H&S.13 Chemical Management and Training	Noncompliance	Some chemicals, such as HF acid, H <sub>2</sub> SO <sub>4</sub> acid and ink, are not marked with safety signs.	visual inspection		
H&S.14 Material Safety Data Sheets (MSDS)/ Worker Access and Awareness	Noncompliance	All inks, which are flammable chemicals, do not have related MSDS available for inspection. Existing MSDS of chemicals are not accurate and there is a lack of information on hazardous components, such as formaldehyde and methyl alcohol content.	visual inspection, record review, management interview		
H&S.17 Ventilation/Electrical/Facility Installation and Maintenance	Noncompliance	All electrical control box doors and 1 grinding machine on 1/F were not grounded. Some papers and books were stored in 1 electrical control box at ink-filling machine.	visual inspection		
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	Safety shields of 3 fans in switchboard room on 1/F, assembly on 3/F and warehouse on 4/F did not prevent fingers from entering. 7 punching machines with 2-hand operation system on 2/F just partly functioning: 2 press buttons series-wound only and without time-order control; it would be easy for workers to control these machines with 1 hand.	visual inspection		
H&S.28 Sanitation in Dormitories	Noncompliance	All emergency signs are not illuminated with an internal light source and backed up by battery. There are not enough fire extinguishers: there are 2 fire extinguishers on each floor (area is about 300 square meters).	visual inspection		
<b>7. Freedom of Association and Collective Bargaining</b>					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining. <b>FLA Comment:</b> The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.					
Other	Risk of noncompliance	No procedure for freedom of association and collective bargaining.	record review		
<b>8. Hours of Work</b>					
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.					
HOW.2 Rest Day	Noncompliance	Workers did not receive at least 1 day off in every 7-day period. Most workers in component department worked continuously: 20 days in October 2006, 13 days in November 2006, 17 days in January 2007 and 13 days in March 2007. Most workers in mode injection department worked 12 days continuously in October 2006. Some workers in warehouse worked 13 days continuously in March 2007.	record review, management interviews		

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HOW.10 Overtime/Calculation over Period Longer than One Week	Noncompliance	OT hours exceed law and CC limitation before April 2007. 12 workers in component department worked 98 - 122 OT hours and all workers in mode injection department worked 101 - 125 OT hours in October 2006. 6 workers in mode injection department worked 99 - 120 OT hours in December 2006. 52 workers from various departments worked 99 - 128 OT hours in March 2007. Workers in mode injection department worked 4 hours per night from October 2006 - February 2007. Workers from various departments worked 3.5 - 5 hours per night in March 2007.	record review; worker and management interviews	Article 41 PRC Labor Code, Employing unit may extend work hours as necessitated by its production or business operation after consultation with trade union and laborers, but extended work hours per day shall generally not exceed 1 hour; if such extension is needed for special reasons, under condition that the health of laborers is guaranteed, extended hours shall not exceed 3 hours per day. However, total extension in a month shall not exceed 36 hours. Regulations about Employee Work Time by State Government; May 1, 1997; Article #3, Employees shall work 40 hours per week, OT is not to exceed 36 hours per month.	
HOW.18 Annual Leave/Wage Payments	Noncompliance	Factory does not pay for annual leave in advance, while in the fixed pay date.	record review, management interviews		
<b>9. Wages, Benefits and Overtime Compensation</b>					
<p><b>WAGES AND BENEFITS:</b> Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least minimum wage required by local law or prevailing industry wage, whichever is higher, and will provide legally mandated benefits.</p> <p><b>OVERTIME COMPENSATION:</b> In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.</p>					
WBOT.4 Timely Payment of Wages	Noncompliance	Workers who resign are not paid on the date they leave the factory. Employees who resign before the 10th of the month are paid, via their individual bank account, by the 15th of the same month. It also may be delayed a couple of days when followed by holidays. Employees who resign after the 10th of the month, are paid, via their individual bank account, by the 15th of the following month.	record review, management interviews	Temporary Regulation for Wage Payment, Article 9: Laborers end labor contracts with working units as per law, working units would pay all wages to laborers one time at the time contracts end.	
<b>10. Miscellaneous</b>					
Subcontracting, homework and other issues not covered by above benchmarks and code requirements.					